

# **ANTECEDENTS AND CONSEQUENCES OF FAIRNESS IN PERFORMANCE EVALUATION PROCESSES**

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## **ABSTRACT**

The objectives of this thesis are: (1) to investigate the antecedents and consequences of fairness of performance evaluation processes (procedural fairness) in the context of performance measurement, evaluation, and reward systems; and (2) to investigate the behavioural effects of reliance on multiple performance measures (RMPM) in evaluating subordinates' performance. In relation to the first objective, it examines whether managers' perceptions of procedural fairness are influenced by the form (financial or nonfinancial) of performance measures used to evaluate performance, and by goal-related variables such as participation in setting performance targets, the goal-attainment-reward link, and the specificity of goals to be achieved by managers. With regard to the consequences of procedural fairness, it examines the effects of procedural fairness on job satisfaction, performance, organisational commitment, and goal commitment, and also examines whether any such associations are direct or indirect. In relation to the second objective, it examines whether RMPM affects managerial performance or whether the effect is contingent on goal difficulty and goal specificity.

To address these objectives, this thesis draws on organisational justice theory and goal theory and employs both quantitative and qualitative approaches. Quantitative data are collected using a questionnaire survey sent to managers in four organisations and qualitative data are gathered by means of interviews and focus group discussions within the organisations.

The results indicate that procedural fairness is affected by participation in setting performance targets, the goal-attainment-reward link, and the specificity of goals to be achieved by managers, but not by the type of performance measure used to evaluate performance. With regard to the consequences of procedural fairness, the results indicate that: (1) the effects of procedural fairness on job satisfaction and performance are indirect and fully mediated by distributive fairness, trust, and organisational commitment; (2) the effect of procedural fairness on organisational commitment is partially mediated by distributive fairness and trust; and (3) the effect of procedural fairness on goal commitment is partially mediated by trust. Finally, the results indicate that the effect of RMPM on performance is contingent on goal specificity, but not on goal difficulty.

### **Keywords:**

Fairness; performance measures; trust; commitment; goal specificity; job satisfaction; participation; performance; rewards.